

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 AID-20 CIAE-00 COME-00 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 DODE-00 PA-04 USIA-15 PRS-01 AGR-20 DRC-01

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FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 557

LIMITED OFFICIAL USE VIENTIANE 6681

E.O. 11652: N/A

TAGS: ECON, LA

SUBJ: WEEKLY ECONOMIC SITUATION REPORT

(AUGUST 21-27, 1974)

1. TOTAL FOREIGN EXCHANGE SOLD WEEK ENDING AUG 24 WAS \$463,000, 50 PER CENT OF WEEKLY AVERAGE JAN-JUNE 1974. FOOD IMPORTS (55 PER CENT) AND POL (13 PER CENT) WERE MAJOR USERS.

2. PARALLEL MONEY MARKET TRANSACTIONS CONTINUED AT LOW LEVEL WITH INDIVIDUALS SELDOM ABLE TO PURCHASE MORE THAN \$50 FROM ANY ONE BROKER. KIP TO DOLLAR RATE INCREASED FROM 1,050 BUYING AND 1,100 KIP SELLING AUG 20 TO CURRENT RATE OF 1,120 KIP BUYING AND 1,150 KIP SELLING. BAHT RATE MOVED UP TO 5,500 KIP PER 100 BAHT BUYING AND 5,600 KIP SELLING.

3. US MISSION HOSTED GROUP OF EIGHT US BUSINESSMEN FROM BANGKOK ATTENDING MEETINGS WITH US AND LAO OFFICIALS AUG 22-24 CONCERNING LAO NATIONAL (THAT LUANG) FAIR TO BE HELD OCT 15-30. FORMERLY A CULTURAL FAIR, THIS YEAR EMPHASIS IS TO BE AS TRADE FAIR. PURPOSE OF VISIT WAS TO ESTABLISH RULES FOR PARTICIPATION IN THE

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AMERICAN EXHIBITION. GROUP WELL RECEIVED BY LAO OFFICIALS, BUT

SOME PROBLEMS, SUCH AS FOREIGN EXCHANGE CONVERSIONS FROM SALES AT FAIR, NOT RESOLVED. MISSION WILL CONTINUE TO ASSIST IN RESOLUTION OF PROBLEMS.

4. ROYAL AIR LAOS ANNOUNCED RECEIPT OF SECOND OF THREE DC-4 PROVIDED BY AGREEMENT WITH AIR FRANCE. THIRD DC-4 IS DUE END SEPTEMBER ALONG WITH ONE CARAVELLE.

5. THE RICE INDEX CONTINUES TO REFLECT SALES BY BOTH THE AGRICULTURAL DEVELOPMENT ORGANIZATION/NATIONAL RICE OFFICE AND REGULAR COMMERCIAL MARKET SALES. DECREASES IN PRICES VEGETABLES BUT MOSTLY DECLINE IN FISH CAUSED LARGE DROP IN NON-RICE INDEX. USAID INDEX AUGUST 26 REFLECTED FOLLOWING CHANGES:

PERCENT CHANGE SINCE
AUG 19 JUL 17 END 1973
GENERAL INDEX (-2.8) 8.7 45.4
RICE INDEX 0.0 24.7 72.8
NON-RICE INDEX (-3.6) 4.5 38.5

6. DURING REPORTING PERIOD THERE WAS A STRIKE BY THE TRAFFIC POLICE (300 MEN) OVER ALLEGED ADMINISTRATIVE INEQUITIES. DEMANDS ACCEPTED IN PRINCIPLE AND STRIKERS EXPECT GOODWILL OF HIGH RANKING OFFICIALS TO ASSURE COMPLIANCE IN DETAIL. THIRTY EMPLOYEES OF PTT PRESENTED PETITION FOR DISMISSAL OF ALLEGED CORRUPT DIRECTOR GENERAL, BUT THERE HAS BEEN NO REACTION YET. CURRENTLY NO WORK STOPPAGES OR LABOR DEMONSTRATIONS. MISSION HAS ESTABLISHED SPECIAL "LABOR COMMITTEE" TO MONITOR DEVELOPMENTS.

7. NEWSPAPERS ANNOUNCED SWEDEN WOULD PROVIDE \$2 MILLION COMMODITY AID (MEDICINES, CANNED FOOD, AGRICULTURAL EQUIPMENT, AND CONSTRUCTION MATERIALS) TO ARRIVE VIA NORTH VIETNAMESE PORTS WHICH, ANOTHER SOURCE STATED, WAS STIPULATED BY SWEDISH GOVERNMENT.

8. AUSTRALIAN GOVERNMENT HAS AGREED TO PROVIDE A GRANT EQUIVALENT TO US \$2,250,000 AND WILL NEGOTIATE WITH PGNU TO DETERMINE SPECIFIC PROJECTS TO BE FUNDED.

WHITEHOUSE

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